



Local Pension Board

Date Monday 5 June 2017
Time 2.00 pm
Venue Council Chamber, County Hall, Durham

Business

Part A

**Items during which the Press and Public are welcome to attend.
Members of the Public can ask questions with the Chairman's
agreement.**

1. Election of Chair
2. Apologies for Absence
3. Declarations of Interest (if any)
4. The Minutes of the Meeting held on 7 March 2017 (Pages 3 - 6)
5. Observations from Pension Fund Committee held on 5 June 2017
6. Compliance with Pension Regulators Code of Practice - Review of Action Plan
7. Review of Work Plan (Page 7)
8. Training
9. Date of Next Meeting
10. Any Other Business

Clare Pattinson
Interim Head of Legal and Democratic Services

County Hall
Durham
25 May 2017

To: **The Members of the Local Pension Board**

Scheme Employer Representatives

Councillors A Hopgood and F Tinsley (1 vacancy)

Scheme Member Representatives

I R Densham, N Hancock and G Sykes

Contact: Jill Errington

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DURHAM COUNTY COUNCIL

At a Meeting of **Local Pension Board** held in Committee Room 2, County Hall, Durham on **Tuesday 7 March 2017 at 2.00 pm**

Present:

Councillor A Hopgood (Chair)

Members of the Board:

G Sykes and N Hancock

Officers:

Nick Orton – Pensions Manager

Beverley White – Finance Manager – Pensions and Technical

Bryan Smith – Legal Manager Litigation

1 Apologies for Absence

Apologies for absence were received from Councillor F Tinsley and IR Densham.

2 Declarations of Interest

There were no declarations of interest.

3 Minutes

The Minutes of the meeting held on 8 December 2016 were agreed as a correct and were signed by the Chair.

**Matter Arising from the Minutes
Actuarial Valuation**

Following a question from the Chair, Nick Orton confirmed that with one exception, the Actuary had now provided results for all employers. Employers had been asked their preferred method for making the deficit contributions and this information was awaited.

AGREED:

That the information be noted.

4 Local Pension Board Vacancy - Update

Nick Orton informed the Board that the vacant position of scheme employer had been re-advertised to all employers in the Fund. One response had been received

and that person would be required to complete an application and, subject to meeting the criteria, would be interviewed for the position.

AGREED:

That the information given be noted.

5 Observations from Pension Fund Committee held on 7 March 2017

The Chair and Neville Hancock were in attendance at the Pension Fund Committee and provided observations from the meeting.

Neville Hancock referred to the revised Funding Strategy Statement and Investment Strategy Statement which were currently out to consultation with employers. Nick Orton confirmed that all employers had been consulted and one response had been received to date.

The Chair noted a lack of questions from Members of the Investment Managers, and Mondrian in particular which she felt may be due to time constraints. The Board considered that in future the Committee should allow sufficient time for the Fund Managers to present their reports, either by commencing the meeting at an earlier time or inviting the Managers to address the Committee following a lunch break.

The Board also noted a lack of questioning of some of the reports, and in particular where the Corporate Director of Resources was granted delegated authority to commit additional expenditure to facilitate the GMP reconciliation exercise. Members had also asked no questions of the External Auditor on the Audit Strategy Memorandum.

As had been discussed at the last meeting, the Chair reiterated the importance of Pension Fund Committee Members having the knowledge and training to be able to fulfil the role of the Committee, which was of a technical nature. It was suggested that at the time of appointment to the Committee a letter be sent to the Group Leaders reminding them of the technical nature of the Pension Fund Committee and to encourage members to take part in the training that was offered, given the knowledge base required to be able to question and/or challenge the funding strategies and performance of the Fund Managers.

Following debate and after a vote being taken it was **AGREED** that:-

The Local Pension Board recommends that:

1. The Pension Fund Committee, in future meetings, plans and allows for sufficient time for questioning of the attending Fund Managers and if necessary commences business at, for example the earlier time of 9.30am in order to clear the normal items of business in Part A and/or to invite the Fund Managers to follow with their reports after a lunch break.

2. All new members of the Pension Fund Committee ought to receive appropriate training in relation to the work that the Committee undertakes and that refresher training be offered to existing Committee Members.

6 Compliance with the Pension Regulators Code of Practice - Review of Action Plan

The Board reviewed the Action Plan and the compliance matrix and discussed progress with those areas that were not fully compliant with the Pension Regulators Code of Practice.

In terms of the requirement for a more structured, detailed training programme for Local Pension Board Members, including a personal training needs analysis, Board Members were informed that a list of training needs would be produced for the next meeting.

The Board was partially meeting the requirement to assess the effectiveness of investment related decision-making through attendance at meetings of the Pension Fund Committee as observers, and therefore it was agreed that the Action Plan should be amended to reflect this.

A further area that was not compliant was the requirement to put in place a formal breaches policy. Nick Orton advised that a draft policy would be drawn up in consultation with Bryan Smith, and produced for consideration by Members at the next meeting.

The Code also required at least an annual review of data completeness and quality. Nick Orton advised that he had consulted with a software provider regarding a reporting system for the data review exercise.

AGREED:

That the proposed actions be noted and the compliance matrix be updated and reviewed at the next meeting.

7 Review of Work Plan

a) Communications Review

Consideration was given to the report of the Corporate Director of Resources which provided Members with details of how different stakeholder groups received communication from the Pension Fund, and explained current plans to develop the Communication Strategy (for copy see file of Minutes).

The Council's Pension Fund Communications Policy Statement was attached to the report at Appendix A.

AGREED:

That the report be noted.

b) Internal Dispute Cases and Pensions Ombudsman Cases

Consideration was given to the report of the Corporate Director of Resources which provided Members with a summary of the outcomes of any internal dispute cases or Pensions Ombudsman cases the Pension Fund had been involved in since April 2015 (for copy see file of Minutes).

Nick Orton briefed the Board on the process and Members were assured that procedures had been tightened since 2013 which had resulted in a reduction in the number of cases.

AGREED:

That the report be noted.

8 Training

AGREED:

That consideration be given to training needs at the next meeting of the Board.

9 Date of Next Meeting

AGREED:

That the next meeting be held at 1.30pm following the Pension Fund Committee on 5 June 2017.

LOCAL PENSION BOARD WORK PLAN

Meeting/Target Date	Topics to be considered	Comments
Ongoing	Pensions Regulator Code of Practice	Consider Gap analysis against Code of Practice
March 2017	Member and employer communications	Completed
	Internal disputes cases, Pensions Ombudsman cases	Completed
June 2017	Review performance statistics – review Key Performance Indicators Review training approach Review final valuation report outcome	Consider Board members, Committee members and officers involved in scheme administration
September 2017	Review (draft) accounts and annual report Assist in development and review of asset voting and engagement processes	Consider compliance with UK Stewardship Code
December 2017	Pensions Regulator Code of Practice	Review and update gap analysis
March 2018	Member and employer communications Internal disputes cases, Pensions Ombudsman cases	Review standard communications and communication strategy Review and consider any lessons learned
June 2018	Review performance statistics – review Key Performance Indicators	
September 2018	Employer and Administering Authority discretions	Review approach and application

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